



2015 - II - 30
Audited
by
Auditordate
Auditor General South Africa
Mpumalanga Business Unit

Index	Page	Legislature:
3	3	Accounting Officer's Responsibilities and Approval
4	4	Statement of Financial Position
5	5	Statement of Financial Performance for the year ended 30 June 2015
6	6	Statement of Changes in Net Assets
7	7	Cashflow Statement
8 - 11	8 - 11	Statement of Comparison of Budget and Actual Amounts
12 - 35	12 - 35	Accounting Policies
36 - 75	36 - 75	Notes to the Annual Financial Statements
77	77	The following supplementary information does not form part of the annual financial statements and is unaudited: Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act
Acronyms	COID	Compensation for Occupational Injuries and Diseases
CBRA	CRB	Capital Replacement Reserve
DBSA	DAFS	Development Bank of South Africa
SA GAP	SAA	South African Statements of Generally Accepted Accounting Practice
GMAP	GRAP	Generally Recognised Accounting Practice
HDF	IAS	International Accounting Standards
IMFO	IPSAS	International Public Sector Accounting Standards
MFC	MEs	Municipal Entities
MFMA	MEC	Member of the Executive Council
MIG	MFC	Municipal Finance Management Act
PAYE	WVAT	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax	Unemployment Insurance Fund

Thaba Chweu Local Municipality 2015 - II - 31 <small>(Registration number MP321)</small>	Annual Financial Statements for the year ended 30 June 2015 Auditor General South Africa <small>Mpumalanga Business Unit</small>	Index
--	--	--------------

The annual financial statements set out on pages 4 to 75, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipal authority's external auditors and their report is presented on page 4.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The municipality is wholly dependent on government grants for continuing funding of operations. The annual financial statements are prepared on the basis that the scale of the municipality has neither the intention nor the need to liquidate or curtail materially its going concern and that the national government has

This accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operation despite future.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable assurance that it by ensuring that appropriate infrastructure, controls, systems and not absolute, assurance against material misstatement or deficit.

The accounting officer is acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate risk management, all reasonable circumstances is above approach. The focus of risk management in the municipality is on identifying, to ensure an acceptable level of risk. These controls are effective in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of financial responsibilities fairly present the state of affairs of the municipality and all financial records are enabled by the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control to enable the accounting officer to place considerable importance on maintaining a strong control environment. To establish by the municipality and ultimately responsible for the system of internal financial control.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements fairly present the state of affairs of the accounting officer to ensure that the annual financial information included in this report. It is the responsibility of the accounting officer to relate the accounting records and is responsible for the content and integrity of the annual financial statements and related financial statements fairly present the state of affairs of the municipality as at the end of the financial year and results of its operations and cash flows for the period ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

Tshaba Chweu Local Municipality		Accounting Officer's Responsibilities and Approval	
		Annual General South Africa	Ministries and Districts Unit
		Ministries and Districts Unit	Annual General South Africa
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015		
2015 - II - 30			

Tshaba Chweu Local Municipality

Annual Financial Statements for the Year ended 30 June 2015
(Registration Number MP-321)

Figures in Rand Note(s) 2015 2014 Restated

Statement of Financial Position as at 30 June 2015 Mpumalanga Business Unit

Annual Financial Statements for the year ended 30 June 2015
 (Registration number MP212)
 Auditor General South Africa

Audited	By	2015 - II - 30
		Auditors General South Africa Midrand Branches Unit

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2015		
Figures in Rand		
Note(s)	2015	2014
REVENUE		
Revenue from exchange transactions		
Service charges	18 159,656,189 158,071,420	
Rental of facilities and equipment	16 2,660,946 2,208,802	
Income from agency services	16 26,049,886 26,491,672	
Other income	20 28,648,993 16,183,049	
Interest received - investment	217,016,014 203,215,327	
Total revenue from exchange transactions	217,016,014 203,215,327	
Revenue from non-exchange transactions		
Taxation revenue	17 102,028,601 34,080,703	
Property rates		
Transfer revenue	19 142,573,756 133,602,558	
Fines	3,792,974 799,773	
Government grants & subsidies		
Total revenue from non-exchange transactions	248,395,331 168,483,034	
REVENUE		
Total revenue	16 465,411,345 371,698,361	
Employee Related Costs	22 (117,617,658) (109,417,840)	
Remuneration of Councillors	23 (8,883,956) (7,428,187)	
Depreciation and Amortisation	27 (86,129,571) (89,328,857)	
Finance Costs	28 (650,657) (994,568)	
Debt Impairment	24 (21,196,068) (23,681,158)	
Reparations and Maintenance	32 (18,214,796) (9,773,196)	
Bulk Purchases	31 (131,021,276) (115,401,687)	
General Expenses	21 (54,002,276) (48,324,536)	
Contracted Services	31 (54,021,211) (60,976,910)	
Total Expenditure	(524,118,663) (493,474,111)	
Operating deficit	(58,707,318) (121,775,750)	
Fair value adjustments	26 - 147,470,477	
Surplus (deficit) for the year	(58,707,318) 25,694,727	
EXPENDITURE		
Impairment loss / Reversal of impairments		
Impairment loss / Reversal of impairment		
Debt Impairment		
Reparations and Maintenance		
Bulk Purchases		
General Expenses		
Contracted Services		
Reparations and Maintenance		
Bulk Purchases		
General Expenses		
Operating deficit		
Fair value adjustments		
Surplus (deficit) for the year		

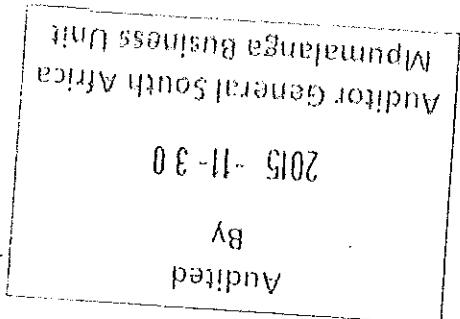
Annual Financial Statement for the Year ended 30 June 2015
(Registration number: MP321)

Thaba Chweu Local Municipality

Statement Of Changes in Net Assets as at 30 June 2015			
Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2013	- 2,240,330,167	2,240,330,167	
Changes in net assets for the year	- 25,694,727	25,694,727	
Restated ¹ Balance at 01 July 2014	56,229,066	4,644,832,899	4,701,061,985
Changes in net assets for the year	- (58,707,318)	(58,707,318)	
Total changes	- (58,707,318)	(58,707,318)	
Surplus for the year	- (58,707,318)	(58,707,318)	
Restated ¹ Balance at 01 July 2014	56,229,066	4,644,832,899	4,701,061,985
Changes in net assets for the year	- (58,707,318)	(58,707,318)	
Total changes	- (58,707,318)	(58,707,318)	
Total changes for the year	- (58,707,318)	(58,707,318)	
Balance at 30 June 2015	56,229,066	4,586,125,581	4,642,354,647

Annual Financial Statements for the year ended 30 June 2015
(Registration number Mp321)

Tshaba Chweu Local Municipality

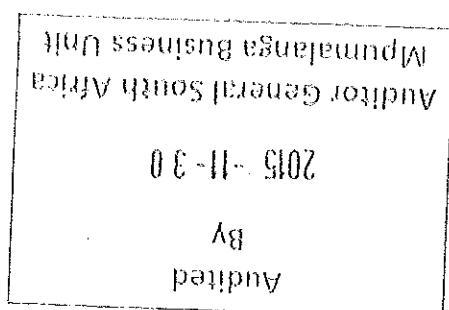


Cashflow Statement as at 30 June 2015

Annual Financial Statement for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

RECEIPTS		Cash flows from operating activities	
Value Added Tax	888,871	6,664,834	464,969,974
Sale of goods	251,904,668	117,839,248	294,100,728
Grants	151,705,755	133,602,558	
Interest Income	-	1,111,928	
Rendering of Services	59,648,088	34,082,387	
Fines	822,592	799,773	
Employee costs	(121,538,642)	(116,846,027)	
Suppliers	(274,592,124)	(97,232,096)	
Finance Costs	(14,631,330)	(23,681,158)	
Net cash flows from operating activities	33	54,207,878	56,341,447
PAYMENTS		Cash flows from investing activities	
Purchase of property, plant and equipment	4	(51,692,223)	(51,822,759)
Proceeds from sale of financial assets	1,596,051	8,567,322	
Net cash flows from investing activities	(50,096,272)	(43,255,437)	
MOVEMENT IN OTHER LIABILITIES		Cash flows from financing activities	
Movement in other liability	-	(9,174,981)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		Cash and cash equivalents at the end of the year	
Net increase/(decrease) in cash and cash equivalents	4,111,606	3,911,029	4,885,380
Cash and cash equivalents at the beginning of the year	974,351	8,996,986	4,885,380

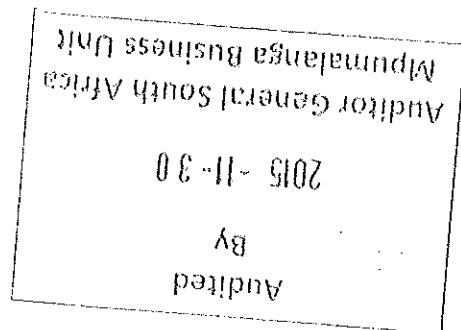


Annual Financial Statements for the Year ended 30 June 2015
Auditor General South Africa

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position						
	Approved Budget	Adjusted Budget	Final Budget	Actual Amounts	Difference	Reference
			on comparable basis	between final budget and final amounts	final budget and actual amounts	figures in Rand
Statement of Comparison of Budget and Actual Amounts						
Budget on Accrual Basis						
Non-Current Assets						
Investment property 1,010,526,000	328,778,000	328,778,000	430,783,973	102,005,973		
Property, plant and equipment 1,010,526,000	39,997,000 1,050,523,000	2,128,401,604 1,077,878,604				
Intangible assets	-	46,000	46,000	11,051	(34,949)	
Heritage assets	-	-	-	165,344	165,344	
Investments	1,057,000	539,000	1,596,000	-	(1,596,000)	
Other non-current assets	-	2,582,000	2,582,000	-	(2,582,000)	
Total Assets	4,175,545,000	371,942,000	1,383,525,000	2,559,361,972	1,175,836,972	
Liabilities						
Current Liabilities						
Payables from trade 402,519,000	(54,337,000)	348,182,000	428,388,478	80,206,478		
Consumer deposits 3,889,000	420,000	4,309,000	4,634,933	325,933		
Employee benefit obligation	-	-	-	29,929,309	29,929,309	
Unspent conditional grants and receipts	-	-	-	12,000,001	12,000,001	
Provisions 24,640,000	(8,451,000)	16,189,000	16,659,567	470,567		
Borrowing 532,000	(8,451,000)	532,000	-	(532,000)		
431,580,000	(62,368,000)	369,212,000	491,612,288	122,400,288		
Non-Current Liabilities						
Non-Current borrowings 8,559,000	(8,559,000)	-	-	-		
Provisions 1,266,000	24,589,000	25,855,000	-	(25,855,000)		
Total Liabilities 441,405,000	(46,338,000)	395,067,000	491,612,288	96,545,288		
Net Assets	734,140,000	(734,140,000)	-	(2,224,474,433)	(2,224,474,433)	
Reserves						
Accumulated surpluses 1,108,039,000	1,108,039,000	4,480,743,352	3,372,704,352			
Revaluation reserve 1,108,039,000	1,108,039,000	4,480,743,352	3,372,704,352			
Net Assets Attributable to Owners of Controlling Entity						
734,140,000	733,899,000	1,108,039,000	2,256,268,919	1,148,229,919		

Thaba Chweu Local Municipality	Auditors General South Africa	Annual Financial Statement for the Year ended 30 June 2015
Statement of Comparison of Budget and Actual Amounts		



Total Net Assets	734,140,000	373,899,000	1,108,039,000	2,256,268,919	1,148,229,919
Budget on Accrual Basis	Approved budget	Adjusted amounts	Final Budget	Actual amounts	Difference
					Figures in Rand
Statement of Comparison of Budget and Actual Amounts					
Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)					
Tshaba Chweu Local Municipality					

Statement of Comparison of Budget and Actual Amounts

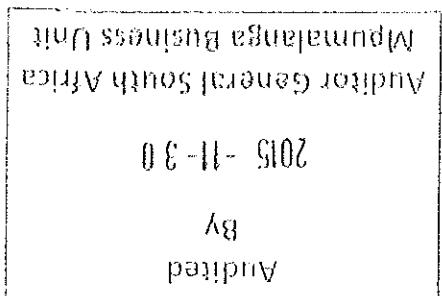
Annual Financial Statements for the year ended 30 June 2015

Thaba Chweu Local Municipality

Budget on Accrual Basis						Figures in Rand
Approved	Adjustments	Final Budget	Actual amounts	Difference	Reference	
		budget	on comparable basis	between final		actual

Cash flows from operating activities

Katerpayers and other Grants		62,747,000	(62,747,000)	201,263,000	313,281,735	111,018,233	Interest income 140,680,000 (1,000,000) 139,680,000	6,698,000 13,396,000	131,705,755	12,025,755	Interest income 410,911,000 (56,572,000) 354,339,000	464,986,990	110,647,990	Payments Supplice and employee costs (381,003,000)	26,580,000 (354,423,000)	(396,130,766)	(41,707,766)	Finance Costs (600,000)	(22,147,000)	(22,747,000)	(14,631,330)	8,115,670	Net cash flows from operating activities 29,308,000 (52,139,000)	(22,831,000)	(410,762,096)	(33,592,096)	Activities Net cash flows from investing activities (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Proceeds from sale of financial assets -	1,596,051	1,596,051	1,596,051	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Activities Net cash flows from investing activities (46,004,000)	(4,082,849)	(50,086,849)	(50,086,849)	Net increase/(decrease) in cash (16,696,000)
Katerpayers and other Grants		62,747,000	(62,747,000)	201,263,000	313,281,735	111,018,233	Interest income 140,680,000 (1,000,000) 139,680,000	6,698,000 13,396,000	131,705,755	12,025,755	Interest income 410,911,000 (56,572,000) 354,339,000	464,986,990	110,647,990	Payments Supplice and employee costs (381,003,000)	26,580,000 (354,423,000)	(396,130,766)	(41,707,766)	Finance Costs (600,000)	(22,147,000)	(22,747,000)	(14,631,330)	8,115,670	Net cash flows from operating activities 29,308,000 (52,139,000)	(22,831,000)	(410,762,096)	(33,592,096)	Activities Net cash flows from investing activities (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Proceeds from sale of financial assets -	1,596,051	1,596,051	1,596,051	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Activities Net cash flows from investing activities (46,004,000)	(4,082,849)	(50,086,849)	(50,086,849)	Net increase/(decrease) in cash (16,696,000)
Katerpayers and other Grants		62,747,000	(62,747,000)	201,263,000	313,281,735	111,018,233	Interest income 140,680,000 (1,000,000) 139,680,000	6,698,000 13,396,000	131,705,755	12,025,755	Interest income 410,911,000 (56,572,000) 354,339,000	464,986,990	110,647,990	Payments Supplice and employee costs (381,003,000)	26,580,000 (354,423,000)	(396,130,766)	(41,707,766)	Finance Costs (600,000)	(22,147,000)	(22,747,000)	(14,631,330)	8,115,670	Net cash flows from operating activities 29,308,000 (52,139,000)	(22,831,000)	(410,762,096)	(33,592,096)	Activities Net cash flows from investing activities (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Proceeds from sale of financial assets -	1,596,051	1,596,051	1,596,051	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Activities Net cash flows from investing activities (46,004,000)	(4,082,849)	(50,086,849)	(50,086,849)	Net increase/(decrease) in cash (16,696,000)
Katerpayers and other Grants		62,747,000	(62,747,000)	201,263,000	313,281,735	111,018,233	Interest income 140,680,000 (1,000,000) 139,680,000	6,698,000 13,396,000	131,705,755	12,025,755	Interest income 410,911,000 (56,572,000) 354,339,000	464,986,990	110,647,990	Payments Supplice and employee costs (381,003,000)	26,580,000 (354,423,000)	(396,130,766)	(41,707,766)	Finance Costs (600,000)	(22,147,000)	(22,747,000)	(14,631,330)	8,115,670	Net cash flows from operating activities 29,308,000 (52,139,000)	(22,831,000)	(410,762,096)	(33,592,096)	Activities Net cash flows from investing activities (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Proceeds from sale of financial assets -	1,596,051	1,596,051	1,596,051	Purchase of property, plant and equipment (46,004,000)	(5,678,900)	(51,682,900)	(51,682,900)	Activities Net cash flows from investing activities (46,004,000)	(4,082,849)	(50,086,849)	(50,086,849)	Net increase/(decrease) in cash (16,696,000)



The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All values have been rounded to the nearest Rand.

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the generally Accepted Accounting Practice (GAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

1. Basis of accounting

Accounting Policies

Tshaba Chweu Local Municipality
(Registration number MP321)
Annual Financial Statements for the year ended 30 June 2015

in preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and available information and the application of judgment is inherent in the preparation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

1.2 Significant judgments and sources of estimation uncertainty

Minority interests in the surplus or deficit of the economic entity is separately disclosed.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation. Minority interests in the net assets of the municipality are identified and recognised separately from the controlling entity's interest thereon, and are recognised within net assets. Losses applicable to the minority in a consolidated entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity has a previous liability absorbed by the majority has been recovered.

Minority interests in the net assets of the municipality are identified and recognised separately from the controlling entity's interest thereon, and are recognised within net assets. Losses applicable to the minority in a consolidated entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further

losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity has a

previous liability absorbed by the majority has been recovered.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounts in line with those of the controlling entity. The length of the reporting period and any difference in the reporting dates is the same from period to period. The controlled entity and that of the controlling entity shall be no more than three months. The length of the reporting period is any difference between the reporting date and the date of the controlled entity's annual financial statements. In any case, the difference between the reporting date of the controlled entity and that of significant transactions or events that occur between the date of the consolidated annual financial statements are prepared as of a reporting date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between the date of the consolidated annual financial statements as of a reporting date different from that of the controlling entity, if practicable to do so. When the annual financial statements as of the same date as the controlling entity unless it is for consolidation purposes, additional annual financial statements as of a reporting date as of the same date as the controlling entity prepares, when the reporting dates of the controlling entity and a controlled entity prepare,

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is reclassified as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity and net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates, is recognised in profit or loss during the cumulative amount of any exchange differences that relate to the controlled entity recognised in disposal, including the difference between the proceeds from the effective date of disposal or date when control ceases. The acquisition or date when control commences to the effective date of disposal or date when control ceases. The results of controlled entities, are included in the consolidated annual financial statements from the effective date of so as to obtain benefits from its activities.

Control exists when the controlled entity has the power to govern the financial and operating policies of another entity controlled entity, including special purpose entities, which are controlled by the controlling entity. The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all single entity.

Consolidated annual financial statements are the annual financial statements of the municipality presented as those of a single entity.

Basis of consolidation

1.1 Consolidation

Accounting Policies

Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

Auditor General South Africa

Mpumalanga Business Unit

2015 - II - 30

14

15

No future economic benefits or service potential are expected from its disposal. Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and

using the cost model in accordance with the accounting policy on Property, Plant and equipment. If this is not the case, the property is accounted for complete, it is presumed that fair value can be measured reliably. Once construction of that part has previously been measured at cost, it measures that property at its fair value. Once construction of that part has

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has policy on Property, Plant and equipment) until disposal of the investment property. The entity applies the cost model (as per the accounting value of the investment property using the cost model (as per the accounting policy on Property, Plant and equipment). The residual investment property under construction is not reliably determinable on a continuing basis, the entity measures that incomplete (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction at cost until either its fair value becomes reliable) determines that the entity measures that expects the fair value of the property to be reliably measurable when construction is complete, it measures that

If the entity determines that the fair value of an investment property under construction is not reliably determinable but

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The fair value of investment property reflects market conditions at the reporting date.

Subsequent to initial measurement investment property is measured at fair value.

Fair value

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment property can be measured reliably.

Investment property is associated with the investment property will flow to the municipality, and the cost or fair value of the that are associated with the investment property will flow to the municipality, and the cost or fair value of the

1.3 Investment property Initial recognition

The municipality used the prime interest rate to discount future cash flows.

Effective interest rate

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Provisions

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Impairment testing

An allowance for stock to write down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

All allowances for slow moving, damaged and obsolete stock

1.2 Significant judgements and sources of estimation uncertainty (continued)

Accounting Policies

Annual Financial Statements for the year ended 30 June 2015

Audit Trail South Africa

Municipalities Business Unit
(Registration number MP321)

2015 - 14 - 60

Thaba Chweu Local Municipality

Item	Average useful life	Indefinite	Buildings	Built-up areas	Motor vehicles	Furniture and fixtures	Land	Items
	5 - 50 years	5 - 15 years	4 - 20 years	5 - 15 years	5 - 15 years	5 - 15 years	5 - 15 years	Office equipment

The useful lives of items of property, plant and equipment have been assessed as follows:

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

Where the municipality replaces parts of an asset, it depreciates the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefit associated with the asset.

Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Major spare parts and servicing equipment qualify as property, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

The Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

1.4 Property, plant and equipment

Where an asset is held under operating leases are classified and accounted for as investment property in the following circumstances:

Property interests held from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Gains or losses arising from the re处置 of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Complaint from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

4.3 Investment property (continued)

Accounting Policies

Annual Financial Statements for the year ended 30 June 2015

Audit

General South Africa

(Registration number MP321)

2015 - II - 31

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method.

Amortisation and impairment

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Subsequent Measurement - Cost Model

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired items' fair value was not determinable, its deemed cost is the carrying amount of the asset given up.

- it is probable that the entity will receive future economic benefits or service potential
- the municipality has the resources to complete the intangible asset;
- it is technically feasible to complete the intangible asset for use or sale;
- the municipality intends to complete the intangible asset without physical substance. Examples include

to the municipality and the cost or fair value of the asset can be measured reliably.

When it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow only to the municipality and the intangible asset is not developed costs. The municipality recognises an intangible asset in its Statement of Financial Position only if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow only to the municipality and the intangible asset is not developed costs.

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software,

1.5. Intangible assets

Community assets	Plant and equipment	Investment property	Heritage
5 - 50 years	5 - 50 years	Indefinite	Indefinite
3 - 100 years	3 - 100 years		
5 - 15 years	5 - 15 years		
Infrastructure assets	Capital structure assets		
Computer equipment	General assets		
1.4. Property, plant and equipment (continued)			

Thaba Chweu Local Municipality		Accounting Policies	
(Registration number MP321)	Audit for the year ended 30 June 2015	Mpumalanga Province	General South Africa
2015 - 11 - 30			

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discouncts estimated future cash payments of recipients but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties but shall not consider contractual terms of the financial instrument (for example, prepayment, call and similar options) flows concerning all assets of the financial instrument (for example, effective interest rate, an entity shall estimate cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability). When calculating the effective interest rate, an entity shall estimate cash flows to the contract that are an integral part of the effective interest rate (see the Standard on Revenue from Contracts with Customers).

- It is settled at a future date.
- Other types of contracts that would be expected to have a similar response to changes in market factors.
- It requires no initial net investment or an initial net investment that is smaller than would be required for called the “underlying”).
- In the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that the present value of the expected future cash flows from the instrument, on disposal of an investment and difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance).
- Its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable that is denoted, impaired amounts are calculated as being the difference between the carrying amount and been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that category is investment, or as loans and receivables, and are measured at amortised cost. Where investments have term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for term deposits invested in registered commercial banks, are categorised as either held-to-maturity bonds, unlisted municipal bonds, fixed deposits and short-term investments.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- It is a financial instrument that is not a derivative (underlying).
- It is settled at a future date.
- It requires no initial net investment or an initial net investment that is smaller than would be required for called the “underlying”).
- It is a financial instrument that is not specific to a party to the contract (sometimes price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that the present value of the expected future cash flows from the instrument, on disposal of an investment and difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance).
- It is a financial instrument that is not specific to a party to the contract (sometimes price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that the present value of the expected future cash flows from the instrument, on disposal of an investment and difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance).
- It is a financial instrument that is not specific to a party to the contract (sometimes price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that the present value of the expected future cash flows from the instrument, on disposal of an investment and difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance).

Initial recognition and measurement

Financial instruments are initially recognised at fair value.

1.6 Financial instruments

Item	Useful life	5 years	3 years	Computer software
Website development costs				

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Intangible asset	Service potential expected from the use of the asset	The gain or loss arising on the disposal or retirement of an asset	Intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Performance.
Derecognition	When the asset is disposed of or when there are no further economic benefits or	Service potential expected from the use of the asset	Intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Performance.
Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or	Service potential expected from the use of the asset	The gain or loss arising on the disposal or retirement of an asset	Intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Performance.

1.5 Intangible assets (continued)

Tshaba Chweu Local Municipality		Auditior General South Africa		Mpumalanga Business Unit		Accounting Policies	
(Registration number MP321)		Annual Financial Statements for the year ended 30 June 2015					

- A financial asset is:
- a contractual right to receive cash or another financial asset from another entity; or
 - exchange cash or another financial asset under conditions that are potentially favourable to the entity.
- For a loss it incurs because a specific debt fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- A financial guarantee contract is a contract that requires the issuer to make specified payments to remunerate the holder fairly for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
 - exchange cash or another financial asset under conditions that are potentially unfavourable to the entity.
- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.
- Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes caused by factors other than those arising from its own risk or currency risk, whether those changes are caused by market prices (other than those arising from its own risk or currency risk), or factors affecting all similar financial instruments traded in the market.
- A financial instrument is any contract that manifies an interest in the assets of an entity after deducting all of its liabilities.
- A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unlisted capital;
 - a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the transaction;
 - a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as assets or financial liability. An increase in the cost of a financial instrument that have fixed or determinable payments, excluding those instruments that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.
- Financial instruments at amortised cost are non-derivative financial assets or non-derviative financial liabilities that have

4.6 Financial instruments (continued)

Tshaba Chweu Local Municipality	Annual General Statement for the year ended 30 June 2015 (Registration number MP321)	Accounting Policies
2015 - II - 30	Auditor General South Africa Mufulanga Business Unit	

Classification		The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:	
Class	Category	Financial asset measured at amortised cost	Financial asset measured at fair value
Loans1	Financial liability measured at amortised cost	Financial asset measured at amortised cost	Other receivables
Loans2	Financial asset measured at amortised cost	Financial asset measured at amortised cost	Other receivables
Loans3	Financial asset measured at amortised cost	Financial asset measured at amortised cost	Other receivables
Class	Category	Financial asset measured at amortised cost	Other financial assets
Class	Category	Financial asset measured at fair value	Other financial assets
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Class	Category	Financial liability measured at fair value	Other financial liabilities
Initial recognition	The entity recognises financial assets using trade date accounting.		
	The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.		

1.6 Financial instruments (continued)
Thaba Chweu Local Municipality Registration number MP321 Annual Financial Statements for the year ended 30 June 2015 Auditor General South Africa Multi-branch Business Unit

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Lease is classified as an operating lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

1.7 Leases

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is reversed.

If there is objective evidence that an impairment loss has been incurred on a financial asset in a residual interest that is measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Financial assets measured at cost:

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in surplus or deficit. OR by adjusting an allowance account. The reversal does not benefit the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Financial assets measured at amortised cost:

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment and uncollectability of financial assets

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

- Financial instruments at cost.
- Financial instruments at amortised cost.
- Financial instruments at fair value.

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

Subsequent measurement of financial assets and financial liabilities

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its components parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is [Taxes and Transfers], where it is the recipient of the loan. non-exchange revenue, in accordance with the Standard of GAPP on Revenue from Non-exchange Transactions [Statement], where it is the issuer of the loan; or a social benefit in accordance with the Framework for the Preparation and Presentation of Financial statements and for that part of a concessionary loan that is [Taxes and Transfers], where it is the recipient of the loan.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value] to the acquisition or issue of the financial asset or financial liability.

Initial measurement of financial assets and financial liabilities

1.6 Financial instruments (continued)

<p>Tshaba Chweu Local Municipality (Registration number MP321) Annual Financial Statement for the year ended 30 June 2015</p> <p>2015 - II - 31</p>	<p>Accounting Policies</p> <p>Mpumalanga Business Unit</p> <p>Auditor General South Africa</p>
--	---

Accounting Policies

Annual Financial Statements for the year ended 30 June 2015

Thaba Chweu Local Municipality

16-11-9102

1

Mpumalanga Business Unit
www.demand.southafrica

Munich Augsburg Bremen (U)

presented as a receivable at an amount equal to the net investment in the lease.

The municipality recognises financial assets as receivables as assets on the statement of financial position. Such assets are

presented as a receivable at an amount equal to the net investment in the lease.

The municipality recognises financial assets as receivables as assets on the statement of financial position. Such assets are

Finance leases - lessor

1.7 Leases (continued)

base.

value of leased property or, if lower, the present value of the minimum lease payments. The corresponding liability would be recorded as a financial lease obligation.

www.sasol.com/africa

investment in the finance lease.

The municipality recognises finance receivables as assets on the statement of financial position. Such assets are

Finance leases - lessor

1.7 Leases (continued)

Tshaba Chweu Local Municipality	
Annual Financial Statements for the Year ended 30 June 2015 (Registration number MP321)	
Accounting Policies	
1.8 Inventories (continued)	The cost of inventories consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
1.9 Impairment of non-cash-generating assets	When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or relate to services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the loss occurs. The amount of any write-down of inventories, arising from an increase in net realisable value of current replacement cost, are recognised as a reversal of any write-down of inventories recognised as an expense in the period in which the reversal occurs. The amount of any write-down of inventories that is adopted by a profit-oriented entity, it generates a return. When an asset is deployed in a manner consistent with the primary objective of generating a commercial return, cash-generating assets held by the municipality with the primary objective of generating a return.
2015 - [] - []	The cost of inventories is assigned using specific identifiable cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.
2015 - [] - []	When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or relate to services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the loss occurs. The amount of any write-down of inventories, arising from an increase in net realisable value of current replacement cost, are recognised as a reversal of any write-down of inventories recognised as an expense in the period in which the reversal occurs. The amount of any write-down of inventories that is adopted by a profit-oriented entity, it generates a return. When an asset is deployed in a manner consistent with the primary objective of generating a return.
2015 - [] - []	Non-cash-generating assets are assets other than cash-generating assets.
2015 - [] - []	Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic accumulation of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).
2015 - [] - []	Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.
2015 - [] - []	A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.
2015 - [] - []	Accumulated depreciation and accumulated impairment losses thereon.
2015 - [] - []	Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.
2015 - [] - []	Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, less the costs of disposal.
2015 - [] - []	Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.
2015 - [] - []	Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or	Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follows: [Specify criteria]
(b) the number of products or similar units expected to be obtained from the asset by the municipality.	

Thaba Chweu Local Municipality	2015 - [] - []
Annual General Business Unit	MPUMALANGA BUSINESSES UNIT
Accounting Policies	Auditor General South Africa

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.	The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:
Depreciated replacement cost approach	The depreciated replacement cost of an asset is determined as the depreciated cost and replacement cost of an asset is determined on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
Recovery approach	If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.
Impairment and measurement	When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

1.9 Impairment of non-cash-generating assets (continued)
<p>Tshaba Chweu Local Municipality Auditor General South Africa Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)</p> <p>MPumalanga Business Unit</p>

- A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practices, published policies or a sufficient specificity currently exists and as a result, the entity has created a valid expectation on the part of those other parties that it will accept certain responsibilities and benefits that are not considered statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.
- Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not conditional on future employment.
- Vested employee benefits are employee benefits that are not conditional on future employment.
- Other long-term employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.
- Benefits that are not due to be settled within twelve months after the end of the period in which the employees render benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.
- an employee's decision to accept voluntary redundancy in exchange for those benefits; or
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to return to the reporting entity to reimburse it for employee benefits already paid.
- Termination benefits are payable as a result of either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee (even in liquidation) and cannot be paid to the reporting entity, unless either:
 - the proceeds represent benefits under a defined benefit plan and are not available to the reporting entity's own creditors pay or fund the reporting entity, if the proceeds of the policy can be used only to standard of GRAP on Related Party Disclosures) of the reporting entity, unless either:
 - a qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund the reporting entity, unless either:
- Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.
- ### 1.10 Employee benefits
- After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.
- Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.
- A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.
- The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss recognised in prior periods. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.
- The estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised in the municipality used to determine the asset's recoverable service amount of that asset.
- The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the reversal of an impairment loss of non-cash-generating assets (continued)

Tshaba Chweu Local Municipality		Accounting Policies	
		Annual Financial Statements for the year ended 30 June 2015	
(Registration number MP321)		Audit General South Africa	Municipalities Business Unit
2015 - 11 - 31	600 - 2015		

1.10 Employee benefits (continued)	
Short-term employee benefits	
Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the related service is due to be settled.	
• wages, salaries and social security contributions;	short-term compensation arrangements (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the absences render the related employee services;
• short-term compensation arrangements (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the non-monetary benefits (for example, medical care, and free or subsidized goods or services such as housing, cars and cellphones) for current employees;	bonuses, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related employee service;
• short-term compensation arrangements (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;	bonuses and incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related employee service;
When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:	as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.
The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payment.	of the undiscounted amount of the benefit or, in the case of non-accumulating absences, as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset, extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will not lead to, for example, a reduction in future payments or a cash refund;
 - as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.
- When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset, extent that the prepayment will not lead to, for example, a reduction in future payments or a cash refund;
 - as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset, extent that the prepayment will not lead to, for example, a reduction in future payments or a cash refund;
 - as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.
- When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset, extent that the prepayment will not lead to, for example, a reduction in future payments or a cash refund;
 - as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset, extent that the prepayment will not lead to, for example, a reduction in future payments or a cash refund;
- as a liability (accrued expense), after deducting any amount already paid, if the amount already paid exceeds the undiscounted amount of the benefit or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount to pay as a result of the unused entitlement that has accumulated at the reporting date.

Tshaba Chweu Local Municipality	
Annual Financial Statement for the year ended 30 June 2015 (Registration number MP321)	
Audit General South Africa	
Accounting Policies	10 Employee benefits (continued)
10 Employee benefits	

1.10 Employee benefits (continued)

Post-Employment Benefits: Defined Benefit Plans

Defined benefit plans are Post-employment benefit plans other than defined contribution plans.

Actual gains and losses experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they

Digitized by srujanika@gmail.com

- the reporting entity's own liquidity (even in liquidation), and cannot be returned to the fund only to be used later by the reporting entity's own employees; and
- to pay off fund employee benefits and are available to be used only to meet all the related employee benefit obligations of the plan or the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

- The amount recognized as a defined benefit liability is the net total of the following amounts:
 - minus the fair value of the defined benefit obligation at the reporting date
 - plus any liability that may arise as a result of a minimum funding requirement directly;
 - the present value of the defined benefit obligation at the reporting date;
 - minus the fair value of the assets from which the obligations are to be settled directly;
 - at the lower of:
 - the amount determined above; and
 - the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Thaba Chweu Local Municipality (Registration number MP321)	2015 - II - 30	Annual Financial Statements for the Year ended 30 June 2015	Accounting Policies
Auditor General South Africa Mpumalanga Business Unit	Auditor General South Africa Mpumalanga Business Unit	Auditor General South Africa Mpumalanga Business Unit	Auditor General South Africa Mpumalanga Business Unit

- The entity determines the present value of its defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.
- Any adjustments arising from the limit above is recognised in surplus or deficit.
- 1.10 Employee benefits (continued)**
- | | | | |
|--|----------------|---|--|
| Tshaba Chweu Local Municipality
(Registration number MP321) | 2015 - II - 30 | Mphumalanga Business Unit
Auditor General South Africa | Accounting Policies
Annual Financial Statements for the Year ended 30 June 2015 |
|--|----------------|---|--|
- The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another standard requires their inclusion in the cost of an asset:
- the effect of any curtailments or settlements or assets;
 - current service costs;
 - immediate costs;
 - the expected return on any plan assets and on any remuneration rights;
 - actuarial gains and losses;
 - past service costs;
 - the effect of any curtailments or settlements; and
 - the effect of applying the limit on a defined benefit asset (negative defined benefit liability).
- The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final service ascription.
- In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
 - the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.
- Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.
- The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the fair value of the defined benefit obligation; and
 - any resulting change in the present value of the fair value of the plan assets.
- Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market rates and other current market prices).
- When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and settle its obligation under the other plan simultaneously.
- The entity offsets an asset relating to one plan against a surplus in one plan to realise the surpluses in one plan and settle its obligation under the other plan and either to settle the entity has a legally enforceable right to settle a liability under the other plan to settle obligations under the other plan and settle its obligation under the other plan.

1.10 Employee benefits (continued)	
1.10.1 Actuarial assumptions	
Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.	The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and estimated term of the post-employment benefit instrument selected to reflect the time value of money is consistent with the currency and estimated term of the financial instruments used to reflect the time value of money.
Actuarial assumptions are unbiased and mutually comparable.	Post-employment benefit obligations are measured on a basis that reflects:
• estimated future salary increases;	those benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms at the reporting date); and
• the estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:	estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
• those changes were enacted before the reporting date; or	those changes were enacted before the reporting date; or
• past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.	past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.
Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.	Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.
Provisions are recognised when:	<ul style="list-style-type: none"> • the municipality has a present obligation as a result of a past event; • it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the reporting date; • to settle the obligation; and • a reliable estimate can be made of the obligation.
The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.	Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.	Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the municipality's remuneration is recognised when, it is virtually certain that reimbursement will be received if the remunbursement settles the obligation. The amount recognised for the remuneration settles the obligation, and only when, it is virtually certain that reimbursement will be received if the remuneration does not exceed the amount of the provision.
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.	If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, provisions are reversed to settle the obligation.
A provision is used only for expenditures for which the provision was originally recognised.	Where this discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.
Provisions are not recognised for future operating deficits.	Provisions are not recognised for future operating deficits.

Tshaba Chweu Local Municipality	
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015
2015 - II - 30	2015 - II - 30
Mpumalanga Province District Auditor General South Africa	Accounting Policies

1.1 Provisions and contingencies (continued)	
Tshaba Chweu Local Municipality	Accounting Policies
(Registration number: MP321)	Annual Financial Statement for the year ended 30 June 2015
2015 - II - 30	Mpumalanga Business Unit
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.	Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in value of the liability will be recognised in the statement of financial performance.
For a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder.	For a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or financial guarantee contract is a provision for financial instruments and loan commitments when it is probable that an outflow of resources is probable in relation to financial guarantees requires judgement.
Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.	The municipal liability recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources that an outflow of resources may be probable are:
Modifiable terms of a debt instrument.	Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.
A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder.	The municipal liability recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources emboldening economic circumstances (e.g. high interest rates, inflation and unemployment) that have a significant impact on the ability of entities to repay their obligations.
Debtors or delinquencies in interest and capital repayments by the debtor;	Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
Financial difficulty of the debtor;	Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan
Defrauds or delinquencies in interest and capital repayments by the debtor;	complaints, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
the ability of the debtor to settle its obligation on the amended terms; and	an municipality recognises the obligation at the higher of:
a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that	the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent
breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and	Assets); and
decreases of financial difficulty of the debtor;	the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in
Financial difficulty of the debtor;	accordance with the Standard of GRAP on Revenue from Exchange Transactions.
Impairment of the ability of entities to repay their obligations.	Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.
Impact on the ability of entities to repay their obligations.	An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction.	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction.
Measurement	Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Academics | Online

Annual Financial Statement for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

Mpumalanga Business Unit

1.12 Revenue from exchange transactions (continued)

- Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser either control in实质上 (risks and rewards of ownership of the goods);
- the municipality retains neither continuing management rights nor effective control over the goods sold;
- the degree usually associated with ownership is reached through the involvement of significant risks and rewards of ownership of the goods; and
- it is probable that the economic benefits of service potential associated with the transaction will flow to the user.

Sale of goods

Kernaderiving or services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;

Kendening of services

- Revenue from the sale of goods is recognized when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser control significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the transaction is probable that the economic benefits of service potential associated with the transaction will flow to the amout of revenue can be measured reliably;
- it is probable that the economic benefits of service potential associated with the transaction will flow to the amout of revenue can be measured reliably;

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- much of the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

- Revenue arising from the use by others of entity's assets yielded in interest, royalties and dividends or similar distributions recognised when:
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
 - The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the revenue arrangements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

- Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.
- Conditions on transferred assets stipulations that specify that the future economic benefits of service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits of service
- Potential must be returned to the transferor.

amount of the reduction in the liability is recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the revenue required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as a liability, will be measured as the best estimate of the amount equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised even if a condition is satisfied, the revenue recognised to settle a liability is measured at the date of acquisition, unless it is also required to recognise a liability.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue from a non-exchange transaction if measured at the amount of the increase in net assets recognised by the municipality.

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Measurement

As the municipality satisfies a present obligation transaction recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Recognition

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes, breaches of the law,

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for taxation.

The taxable event is the event that the government, legislature or other authority has determined will be subject to tax liable to others.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not transferred asset by entities external to the reporting municipality.

Transfers on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if exchanged, or gives value to another municipality without directly receiving approximately equal value in exchange.

Non-exchange transactions are transactions that are not direct the purpose for which a transferred asset may be restricted on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if exchanged, or gives value to another municipality without directly receiving approximately equal value in exchange.

Fines are economic benefits or service potential received by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

1.3 Revenue from non-exchange transactions (continued)

Accounting Policies	Mpumalanga Business Unit	Auditors General South Africa	Registration number MP321	Annual Financial Statements for the year ended 30 June 2015	Thaba Chweu Local Municipality
2015 - II - 3 II					

1.13 Revenue from non-exchange transactions (continued)	
Revenue from non-exchange transactions	Revenue from non-exchange transactions
Taxes	The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.
Resoures	Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of past events (the taxable event) and expects to receive future economic benefits or service potential from those resources.
Resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.	The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.
Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of the taxable event for property tax is the undertaking of taxable activity during the taxation period by the taxpayer.	The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.
Levied, if the tax is levied on a periodic basis.	The taxable event for property tax is the date on which the tax is levied, or the period for which the tax is levied.
Transfers	Transferred assets in kind, which are not recognised, the municipality recognises an asset in respect of transfers when apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.
Debt forgiveness and assumption of liabilities	The municipality recognises revenue in respect of debt forgiven when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.
Fines	Fines are received as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.
Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.	Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.
Revenue from non-exchange transactions	Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.
Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.	Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.
Debts	Debts that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Accounting Policies	Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)
Thaba Chweu Local Municipality 2015 - 11 - 30	Autitor General South Africa Witmalanga Business Unit

Tshaba Chweu Local Municipality		Accouuntinng Policies
		(Registration number MP321)
		Annual Financial Statements for the year ended 30 June 2015
		Mpumalanga Business Unit
1.13 Revenue from non-exchange transactions (continued)		Auditior General South Africa
Gfits and donations, including goods in-kind		Economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.
Services in-kind		Services in-kind are not recognised.
Services in-kind are recognised as revenue and as assets.		Services in-kind are recognised as revenue and as assets.
Concessionaly loans received		A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.
The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounuted using a market related rate of interest.		The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.
Investment income		Investment income is recognised on a time-proportion basis using the effective interest method.
1.15 Borrowing costs		Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any borrowing costs for the purpose of obtaining a qualifying asset.		Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any borrowing costs for the purpose of obtaining a qualifying asset.
Investment income		Investment income is recognised on the temporary investment of those borrowings.
Weighted average of the borrowing costs applicable to the funds generally borrowed for the purpose of obtaining a qualifying asset.		Weighted average of the temporary costs applicable to the funds generally borrowed for the purpose of obtaining a qualifying asset.
• Activities that are necessary to prepare the asset for its intended use or sale are undertaken.		When the carrying amount of the expected ultimate cost of the qualifying asset exceeds its recoverable amount or circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.
• Borrowing costs have been incurred;		When the carrying amount of the net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy for assets as per Accounting Policy number And 1.9. In certain recoverable service amounts or the carrying amount of the quality asset exceeds its recoverable amount or circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.
• Expenses for the asset have been incurred;		Capitalisation is suspended during extended periods in which active development is interrupted.
• Extended periods is periods that exceeds X months.		Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

- 1.15 Borrowing costs (continued)**
- All other borrowing costs are recognised as an expense in the period in which they are incurred.
- When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used substantially all the activities necessary to prepare that part for its intended use or sale.
- Unauthorised expenditure means:
- o overexpending of a vote or a main division within a vote; and
 - with the purpose of the main division.
- All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.
- 1.16 Comparative figures**
- Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.
- 1.17 Unauthorised expenditure**
- Unauthorised expenditure means:
- All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance.
- Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.
- 1.18 Fruitless and wasteful expenditure**
- All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance.
- 1.19 Irregular expenditure**
- Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.
- The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. Although these estimates are based on management's best knowledge of current events and circumstances, they may undertake in the future, actual results ultimately may differ from those estimates.
- 1.20 Use of estimates**
- These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.
- 1.21 Presentation of currency**
- The preparation of annual financial statements in South African Rand, which is the functional currency of the municipality.
- 1.22 Conditional grants and receipts**
- Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Tshaba Chweu Local Municipality	ZWS - II - 30	Audit for Financial Year ended 30 June 2015	Annual Financial Statement for the year ended 30 June 2015	Accounting Policies
(Registration number MP321)				

The approved budget covers the fiscal period from 2014-07-01 to 2015-06-30.

1.23 Budget Information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement included in the Statement of Comparison of Budget and Actual Amounts.

1.24 Related parties

The municipal entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Value Added Tax

The municipality accounts for VAT on the same basis.

1.26 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- approved and contracted commitments;

where disclosure is required by a specific standard of GRAF.

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2015

(Registration number MP321)

2015 - II - 30

Auditors General South Africa

Mpumalanga Business Unit

Accounting Policies

Annexure A

Notes to the Annual Financial Statements	2015	2014	Figures in Rand
<p>Annual Financial Statements for the Year ended 30 June 2015 (Registration number MP321)</p> <p>Tshaba Chweu Local Municipality</p>			

Mpumalanga Business Unit
Auditor General South Africa

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(except statement of cash flows) [\(see note 22\)](#)

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and relevant to its operations:

GRAPH 25: Employee Benefits

current financial year and that are relevant to its operations;

- short-term employment benefits;
 - all short-term employee benefits;
 - short-term employment, measures the recognition, measurement and disclosure
 - short-term compensated absences;
 - all short-term employee benefits;
 - short-term compensation related payments;
 - bonuses, incentive and performance related payments;
 - post-employment benefit; Defined contribution plans;
 - other long-term employee benefits; Defined contribution plans;
 - termination benefits.

The standard scatter estimates the record length, measurement and disclosure requirements of short-term employees' benefits.

The usage of service of China's 27 is to purchase the accounting and disclosure for employee benefits. The standard requires the municipality to recognize an employee has provided service in exchange for employee benefits to be paid in the future; and a liability when the municipality consumes the economic benefits of service potential arising from service - an expense when the employee has provided service in exchange for employee benefits to be paid in the future; and provided by an employee in exchange for employee benefits.

The copyright of GRAP 25 is © processed by the copyright owner.

10. The following table shows the number of hours worked by each employee in a company.

current financial year and that are relevant to its operations.

הנחיות לערוצי הרים וטפסים - מדריך לטיול בטפסים וערוצים

Tshaba Chweu Local Municipality (Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015	Notes to the Annual Financial Statements Multipurpose Business Unit Auditor General South Africa
2015 - II - 30 EY PwC	Amendments were made to define the equity method has been included. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.	The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions	The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.	Amendments were made to the scope and definitions. The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.
GRAP 12 (as revised 2012): Inventories	The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.	Amendments were made to measure after recognition. The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.
GRAP 13 (as revised 2012): Leases	The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.	Amendments were made to disclosures. The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.
GRAP 16 (as revised 2012): Investment Property	The impact of the amendment is not material. The municipality has adopted the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2013. All amendments to be applied retrospectively.	Proprietary has been clarified. The exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment ensures the consistent application of the principle where assets are acquired in exchange for non-monetary assets when amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to all amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.
All amendments to be applied prospectively.

Proprietary has been clarified.
The exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment ensures the consistent application of the principle where assets are acquired in exchange for non-monetary assets when amendments were made to definitions, measurement at recognition, disposals and disclosure. Changes were made to all amendments to be applied retrospectively.

If the municipality is not able to demonstrate how a website developed solely and primarily for providing information

demonstrate how its website will generate probable future economic benefits or service potential. The general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement of the general requirements can satisfy the requirements in paragraph 54, which in particular requires the municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

The website arising from development will be recognized as an intangible asset if, in addition to complying with the general requirements described as an intangible asset if, and only if, the website that the municipality's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

IGRAP 16: Intangible Assets - Website Costs

The impact of the amendment is not material.

The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

All amendments to be applied prospectively.

(b) non-exchange revenue (GRAP 23).

(a) exchange revenue (GRAP 9); and

both;

This interpretation now addresses the manner in which the municipality applies the probability test on initial recognition of revenue

IGRAP 1 (as revised 2012): Applying the Probability Test on Initial Recognition of Revenue

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied retrospectively.

on Agriculture (IPSAS 27) and Intangible Assets (IPSAS 31) respectively.

These Standards of GRAP replace the previous Standard of GRAP on Agriculture (GRAP 10) and Standard of GRAP on Intangible Assets due to the International Public Sector Accounting Standards Board (IPSASB) that has issued an IPSAS

GRAP 27 and GRAP 31 (as revised 2012)

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The effective date of the amendment is for years beginning on or after 01 April 2013.

All amendments to be applied prospectively.

Amendments were made to measurement at recognition, disposals and disclosure. Changes were made to ensure the transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle has been clarified.

GRAP 17 (as revised 2012): Property, Plant and Equipment

The impact of the amendment is not material.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

Notes to the Annual Financial Statements

Auditator General South Africa
(Registration number MP321)
Mphumalanga Business Unit

Annual Financial Statements for the year ended 30 June 2015

ZUBS - JI - JU

Tshaba Chweu Local Municipality

<p>Tshaba Chweu Local Municipality</p> <p>2015 - 11 - 30</p>	<p>Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)</p> <p>Auditor General's Report with Audit Municipalities Unit</p>
<p>Notes to the Annual Financial Statements</p>	

A website that is recognised as an intangible asset under this interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

The standard requires disclosure of related party relationships, including balances, outstanding commitments, and relationships with related parties.

- The municipality (in this standard referred to as the reporting entity) applies this standard in:
- identifying relationships and transactions;
- determining the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosure to be made about those items.

This standard requires disclosure of related party relationships, including financial statements. This standard also applies to individual annual financial statements, in the consolidated and separate financial statements of the reporting entity in accordance with the requirements, in the consolidated and separate financial statements. This standard sets out the requirements for financial statements, including assets and performance of the reporting entity and its related parties may affect users, assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity: a person or a close member of that person's family is related to the reporting entity if that person:

- * An entity is a member of the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlling entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity is a member);
 - both entities are joint ventures of the third party;
 - one entity is a joint venture and the other entity is an associate of the third entity;
 - the entity is a joint venture of a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity; if the reporting entity is itself such a plan, the sponsor employees are related to the entity;
 - the entity is a joint venture of a post-employment benefit plan for the benefit of employees of either the entity or an entity that controls or jointly controls the reporting entity; and
 - a person identified in (a) has significant influence over the entity or is a member of the management of the entity; if the reporting entity is itself such a plan, the sponsor employees are related to the entity;

The standard states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remunerations; and
- Control;
- Significant influence;
- The standard sets out the requirements, inter alia, for the disclosure of:

GRAPH 20: RELATED PAPERS

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after October 1, July 2015 or later periods:

2.2 Standards and interpretations issued, but not yet effective

<p>Thaba Chweu Local Municipality by 2015 - 11 - 30</p>	<p>(Registration number MP321) Annual Financial Statements for the year ended 30 June 2015</p>	<p>Notes to the Annual Financial Statements Auditor General South Africa Mpumalanga Province Audit</p>
--	---	--

No

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The difference between amounts of assets transferred and liabilities recognised should be recognised in surplus / deficit).

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquiree) at their acquisition date fair values and should be derecognised (by the acquiree) at their carrying amounts.

A transfer of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions,

The objective of this Standard of GRAP is to establish accounting principles for the acquirer in a transfer of functions between municipalities not under common control.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The impact of this standard is currently being assessed.

The municipality expects to adopt the standard for the first time once it becomes effective.

No effective date has yet been determined by the Minister of Finance.

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

The difference between amounts of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / deficit).

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognise (by the acquiree) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

GRAP 105: Transfers of Functions Between Entities Under Common Control

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The municipality expects to adopt the standard for the first time once it becomes effective.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

- remuneration of management.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registration number M321)

Tshaba Chweu Local Municipality

2015 - II - 30

134

Version 1

Auditor General South Africa
Mphumalanga Business Unit

<p>GRAP 107: Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined municipality and combining municipalities in the event of a merger, where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.</p> <p>The objective of this Standard is to adopt the standard once it becomes effective.</p> <p>The impact of this amendment is currently being assessed.</p> <p>The impact of this amendment is currently being assessed.</p> <p>Specific disclosures are required when there is a merger.</p> <p>In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by the combining municipalities) at their carrying amounts.</p> <p>The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / deficit).</p> <p>No effective date has yet been determined by the Minister of Finance.</p> <p>The impact of this standard is currently being assessed.</p> <p>The impact of this standard is currently being assessed.</p> <p>The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a private party or another public sector entity. The standard applies to the grantor only.</p> <p>Within the scope of GRAP 32, for any other arrangements that meet the central criteria as set out in paragraph 32 of PPA agreements that are governed and regulated in terms of the PFM and MMA, are some of the arrangements that fall correspondingly liability, being the performance obligation, if certain criteria and conditions are met.</p> <p>An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.</p> <p>The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.</p> <p>It is unlikely that the standard will have a material impact on the municipality's annual financial statements.</p> <p>The municipality expects to adopt the standard for the first time once it becomes effective.</p> <p>GRAP 108: Statutory Receivables</p> <p>GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore, in order to be statutory in nature specific legislation should require the municipality to undertake transactions, such as outlining who should be taxed and at what rates and amounts.</p> <p>Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.</p> <p>Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.</p>

Tshaba Chweu Local Municipality

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

2015 - II - 30

66

1/1/2015

Auditor General South Africa
Mphumalanga Business Unit

1

Notes to the Annual Financial Statements	
	Thaba Chweu Local Municipality
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015
Municipal Audit General South Africa	Auditor's Report
Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any: - interest or other charges that may have accrued on the receivable (where applicable); - amounts derecognised.	Under the cost method, the standard will have a material impact on the municipality's annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements. The municipality expects to adopt the standard for the first time once it becomes effective. by the Minister of Finance.
any: - interest or other charges that may have accrued on the receivable (where applicable); - amounts derecognised.	IGRAF 17: Service Concessions where a Grantor Controls a Significant Residual Interest in an Asset This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only asserts at the end of the arrangement, where the arrangement does not constitute a lease. A service concession asset is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use. Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements, both the criteria as noted in paragraph 10 of this interpretation need to be met. In some service concessions, the grantor only controls the residual interest in the service concession asset in terms of the Standard of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of the arrangement.
any: - interest or other charges that may have accrued on the receivable (where applicable); - amounts derecognised.	GRAP 17: Service Concessions where a Grantor Controls a Significant Residual Interest in an Asset This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset. The interpretation has been approved by the Accounting Standards Board but its effective date has not yet been determined. determined by the Minister of Finance. The interpretation determines that the interpretation will have a material impact on the municipality's annual financial statements. It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements. The municipality expects to adopt the interpretation for the first time once it becomes effective. by the Minister of Finance.
any: - interest or other charges that may have accrued on the receivable (where applicable); - amounts derecognised.	GRAP 5 (revised 2013): Borrowing Costs This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset. The interpretation has been approved by the Accounting Standards Board but its effective date has not yet been determined. determined by the Minister of Finance. The interpretation determines that the interpretation will have a material impact on the municipality's annual financial statements. It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements. The municipality expects to adopt the interpretation for the first time once it becomes effective. by the Minister of Finance.
any: - interest or other charges that may have accrued on the receivable (where applicable); - amounts derecognised.	GRAP 100 (revised 2013): Discontinued Operations The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements. It is unlikely that the amendment will have a material impact on the municipality's annual financial statements. The municipality expects to adopt the amendment for the first time in the 2014 annual financial statements. The effective date of the amendment is for years beginning on or after 01 April 2014. All amendments to be applied prospectively.
any: - interest or other charges that may have accrued on the receivable (where applicable); - amounts derecognised.	All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is: All accounted alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

Digitized by srujanika@gmail.com

2014		2015		2016		2017		2018		2019	
Cost / Carrying value	Accumulated depreciation	Cost / Carrying value	Accumulated depreciation	Cost / Carrying value	Accumulated depreciation	Cost / Carrying value	Accumulated depreciation	Cost / Carrying value	Accumulated depreciation	Cost / Carrying value	Accumulated depreciation
430,783,973	-	430,783,973	431,500,057	-	431,500,057	430,783,973	431,500,057	-	431,500,057	430,783,973	431,500,057
Investment property		Impairment	Impairment	Accumulated and impairment							
Recognition of investment property - 2015											
Opening balance		Transfers	Total	431,500,057	(716,084)	430,783,973	431,500,057	(716,084)	430,783,973	431,500,057	430,783,973

3. Investment property

The adoption of this standard is not expected to impact on the results of the financial statements.

The municipality expects to adopt the standard for the first time once it becomes effective.

Finnarcei.

The Board has been apprised by the Board that its effective date has not yet been determined by the Minister of

in line with the municipality's overall mission. Geographical segments

designer's choice in determining which components of an entity provide specific outputs or achieve particular objectives that distinguishable components of an entity that provides specific outputs or achieves particular objectives that are not shared by other components.

Scamman Information is either presented based on service or geographical segments. Service segments relate to a

Performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

www.sagepub.com

The following scenarios and their periods have been produced and are intended to illustrate the development of periods beginning on or after 01 July 2014 or later periods but are not relevant to its operations:

www.santacruzsoft.com.br e-mail: daniel@brasilsoft.com.br

This is unlikely since the interaction would have a negative impact on the individual's own performance.

The mathematical aspects to decide the dimensionality of the data matrix are discussed.

ללא חניכתונה מזווג עלי. כוכב השמיים מושג בזאת, יפה וסבוך.

Measures of mental retardation are to be applied prospectively and preservation and dissemination of data should be applied retrospectively.

Financial statements.

Certified financial asset or a group of assets. Will fail under the Standard if GRAP is presentation of financial instruments.

[View the longer definition of necessary access to certain portions.](#)

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registrator number MP321)

Tthaba Chweu Local Municipality

06-11-9102

152

For more information about the study, please contact Dr. John Smith at (555) 123-4567 or via email at john.smith@researchinstitute.org.

4. Property, Plant and Equipment

Reconciliation of investment property - 2014						
Openning balance	Transfers	Transfer to PPE	Fair value	Total	adjustments	Investment property
368,881,434	(26,232,000)	(58,830,054)	147,680,677	431,500,057	368,881,434	368,881,434

Reconciliation of investment property - 2014

Thaba Chweu Local Municipality

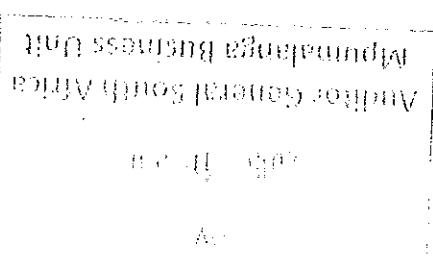
Notes to the Annual Financial Statements Auditor General South Africa

Annual Financial Statements for the Year ended 30 June 2015
Registration number M321

Reconciliation of property, plant and equipment - 2014						
Reconciliation of intangible assets - 2014						
2014	2015	Cost / Accumulated carrying value	Cost / Accumulated amortisation	Carrying value	Cost / Accumulated amortisation	2014
Cost / Accumulated carrying value	Cost / Accumulated amortisation	Carrying value	Cost / Accumulated amortisation	Carrying value	Cost / Accumulated carrying value	2015
Website development costs and anti-virus software	Website development costs and anti-virus software	11,051	304,430	(293,379)	123,078	Website development costs and anti-virus software
Operating balance	Amortisation	Total	Operating balance	Amortisation	Total	Operating balance
Reconciliations of intangible assets - 2014			Reconciliations of intangible assets - 2015			Reconciliations of intangible assets - 2014
6. Other financial assets			6. Other financial assets			6. Other financial assets
Designated at fair value			Designated at fair value			Designated at fair value
Long Term Deposits			Long Term Deposits			Long Term Deposits
1,588,383	-	-	7,668	-	-	1,596,051
Listed investments are disclosed at current market value of shares at reporting date.	The municipality's risk is that the share price of listed investments might drop significantly during the period under review and result in a substantial loss of the investment. The share price risk is managed by only investing in reputable listed investments with a good track record.					

Notes to the Annual Financial Statements		
Annual Financial Statements for the year ended 30 June 2015	Audit of General Business Unit	Figures in Rand
(Registration number MP321)		
Tshaba Chweu Local Municipality	2015 - II - 30	2014

Notes to the Annual Financial Statements		Figures in Rand	
7.	Inventories	2014	2015
7.4	Consumable stores	3,792,805	2,489,359
7.5	Water	7,880	11,544
7.6	Receivables from non-exchange transactions	3,800,685	2,500,903
8.	VAT	9,580,079	8,990,119
9.	VAT Receivable		
10.	Receivables from Exchange Transactions		
10.1	Gross balances	31,230,052	37,704,124
10.2	Electricity	30,700,436	32,055,062
10.3	Water	12,288,652	10,119,978
10.4	Sewerage	9,614,163	12,468,702
10.5	Refuse	58,237,654	16,725,141
10.6	Other	147,547	(202,651)
10.7	Less: Allowance for impairment	107,032,516	139,258,995
10.8	Less: Allowance for impairment	(9,118,011)	(21,739,658)
10.9	Electricity	(12,301,596)	(25,681,059)
10.10	Water	(5,135,440)	(16,374,561)
10.11	Sewerage	(4,079,743)	(6,699,129)
10.12	Refuse	(202,651)	(202,651)
10.13	Other (Specify)		
10.14	Less: Allowance for impairment	(30,837,441)	(70,494,407)
10.15	Net balance	9,490,394	28,586,113
10.16	Electricity	1,374,003	18,398,840
10.17	Water	7,153,212	(6,254,583)
10.18	Sewerage	5,769,573	7,153,212
10.19	Refuse	58,237,654	5,534,420
10.20	Other	147,547	16,522,490
10.21	Less: Allowance for impairment	68,764,588	76,195,075
10.22	Rates	Current (0 - 30 days)	> 150 days
10.23	31 - 60 days	3,987,879	3,842,656
10.24	61 - 90 days	7,236,576	3,801,323
10.25	91 - 120 days	3,602,177	57,721,488
10.26	121 - 150 days	80,192,099	> 150 days



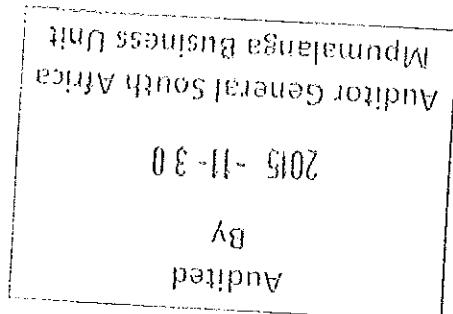
Annual Financial Statements for the Year ended 30 June 2015

(Registration Number MP321)

Audited financial statements for the year ended 30 June 2015

(Regulation 16(1)(a) of the Municipal Finance Management Act, 2000)

Notes to the Annual Financial Statements		Figures in Rand	
11. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances		6,730,717 1,617,920	
Short-term deposits		2,266,269 3,267,460	8,996,986 4,885,380
The municipality had the following bank accounts			
Account number / description	Cash book balances	30 June 2013	30 June 2014
ABSA Lydenburg (10-1000-0218)	114,210 423,987 (167,729) 114,210 423,987 (167,729)	83,347 128,471 10,329 83,347 128,471 10,329	1,205,084 1,240,715 392,668 1,203,584 1,185,977 392,668
ABSA Sabie (40-5826-4705)	114,210 423,987 (167,729) 114,210 423,987 (167,729)	83,347 128,471 10,329 83,347 128,471 10,329	1,205,084 1,240,715 392,668 1,203,584 1,185,977 392,668
Standard Bank - Primary	810,121 1,528,341 739,083 810,121 1,528,341 739,083	54,525 52,007 54,525 52,007 54,525 52,007	Standard Bank - Call Account (24-320-336-5)
Standard Bank - Trafic	810,121 1,528,341 739,083 810,121 1,528,341 739,083	54,525 52,007 54,525 52,007 54,525 52,007	Standard Post Office Guarantee - Account 488610621
Standard Bank - Call	810,121 1,528,341 739,083 810,121 1,528,341 739,083	54,525 52,007 54,525 52,007 54,525 52,007	Standard Bank - MWG Call Account 488610621
Standard Bank - MIG Call	6,374,232 1,279,045 - 6,374,232 1,279,045 -	-	Standard Bank - MWG Call Account 488610621
Standard Standard - 488610621	301,960 286,869 - 301,960 286,869 -	-	Standard Standard - 488610621
ABSA Thaba Chweu Projects	4,676 684 - 4,676 683 -	-	ABSA Thaba Chweu Projects
STANDARD BANK; Ringfence	50,330 50,330 - 50,330 -	-	STANDARD BANK; Ringfence
Mpumalanga Business Unit	2015 - II - 30	Audited	Auditor General South Africa



(Registration number MP321) Annual Financial Statements for the year ended 30 June 2015

Tshaba Chweu Local Municipality

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

Tshaba Chweu Local Municipality

Figures in Rand

Unspent conditional grants and receipts

Unspent conditional grants and Receipts Collateralises of:

12. Unspent conditional grants and receipts

For more information about the study, please contact Dr. John P. Wilson at (404) 727-6777 or via email at jpwilson@vanderbilt.edu.

www.IASguide.com

Filibusters in Brazil

Notes to the Annual Financial

Annual Financial Statements for the year ended 31 December 2018

(Registration number MP321)

Tsha Chweu Local Municipalit

11-3
015

Auditor General South Africa

1,657,000	1,000,000	(1,657,000)	(1,000,000)	Balancce Unspent at the beginning of the Year
1,000,000	1,657,000	(1,000,000)	1,657,000	Current year receipts
1,000,000	1,657,000	(1,000,000)	1,657,000	Conditions met transferred to revenue
1,000,000	1,657,000	(1,000,000)	1,657,000	Conditions still to be met - remain liabilities
				MIG
				Balancce Unspent at the beginning of the Year
				Current year receipts
				Conditions met transferred to revenue
				Conditions still to be met - remain liabilities
				INEP
				Balancce Unspent at the beginning of the Year
				Current year receipts
				Conditions met transferred to revenue
				Conditions still to be met - remain liabilities
				MPUMALANGA BUSINESS UNIT
				Auditior General South Africa
			2015 - II- 30	By
				Audited

Notes to the Annual Financial Statements						
Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)						
Tshaba Chweu Local Municipality						
Figures in Rand						
Additions during the Year	12,000,001	2,868,002				
Government Grants and Subsidies						
LG Sets	25,755	90,485,000	74,531,000	45,004,000	39,049,000	22,681,000
Equitable shares						
MWIG Grant						
National: EPWP, FMG, MSIG Grant & MWIG						
Total Government Grant and Subsidies Received	142,573,757	136,261,000				
13. Provisions						
Reconciliation of provisions - 2015						
Provision for rehabilitation of landfill sites	4,044,475	6,395,657	404,448	4,448,923	5,841,180	6,304,301
Provision for leave						
Long Service Awards						
Landfill sites						
Provision for rehabilitation of	687,750	-	3,356,725	-	4,044,475	
14. Payables from exchange transactions						
Trade payables	402,060,684	319,871,620	17,916,903	266,591	8,410,896	25,175,812
Other payables						
Payments received in advanced - contract in process						
Deposits generate no interest as per council resolution.						
15. Consumer Deposits						
Electricity and Water						
4,634,933	4,309,157					

Notes to the Annual Financial Statements		Auditor General's Report 2015 financial year		Moulded plastic products unit		Income from agency services		Revenue	
Fees in Rand		2014	2015 financial year	2015 financial year	2014	Other income	Other income	As follows:	The amount included in revenue arising from exchanges of goods or services are
Rental of facilities and equipment	159,656,189	158,071,420	2,208,802	2,660,946	2,604,9886	26,491,672	28,648,993	16,183,049	Service charges
Rental of facilities and equipment	159,656,189	158,071,420	2,208,802	2,660,946	2,604,9886	26,491,672	28,648,993	16,183,049	Service charges
Interest received - investment	-	260,384	-	-	-	-	-	-	as follows:
Interest received - investment	217,016,014	203,215,327	217,016,014	203,215,327	248,395,331	168,483,034	3,792,974	133,602,558	Taxation revenue
Interest received - investment	102,028,601	34,080,703	102,028,601	34,080,703	142,573,756	799,773	3,792,974	133,602,558	Property rates
Government grants & subsidies									Nature and type of services in-kind are as follows:
Fines									The services received in kind from Ehlanzeni District Municipalility relates to financial support received for implementation of a clean audit strategy.
17. Property Rates									Rates received
Residential	25,886,731	17,209,086	13,209,481	13,718,586	1,528,699	39,113,600	10,240,281	913,636	State
Commercial									Small holdings and farms
Industrial									Education
Institutional									Health
Undeveloped Land									Less: Income forgone
Less: Income forgone	(1,524,925)	(8,038,058)	(107,449)	1,109,617	2,423,929	11,117,472	9,308,948	9,308,948	Land
Land									Undeveloped Land

2015 - II - 30

Annual Financial Statement for the year ended 30 June 2015
(Registration number MP321)

Tshaba Chweu Local Municipality

15Y

15/16

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015
(Registration Number MP321)

Thaba Chweu Local Municipality

Notes to the Annual Financial Statement (Registration number MP321)	
Thaba Chweu Local Municipality	
21. General Expenses	Figures in Rand
Auditors fees	
Bank charges	
Cleaning	
Legal costs	
Consumables	
Conferences and seminars	
Access	
Indigent Write Off	
Levies	
Motor vehicle expenses	
Public participation and ward committees	
Fuel and oil	
Placement fees	
Postage and courier	
Printing and stationery	
Staff welfare	
Subscriptions and membership fees	
Telephone and fax	
Training	
Travel and Accommodation	
Electrcity: Indigent Support	
Sewerage and waste disposal	
Water: Indigent Support	
Refuse: Indigent Support	
Uniforss	
Debt orders	
Stock losses	
Licence fees	
Disaster relief fund	
Valuation costs	
Calibration machines	
Intergation of Thaba Chweu	
Free Basic Services	
Other expenses	

2015-11-30

۷۸

Notes to the Annual Financial Statements
Annual Financial Statements for the year ended 30 June 2015
(Regeistratjons nummer MP321)

Thaba Chweu Local Municipality
(Registration number MP321)

۸۳

2015-11-30

Annual Financial Statements for the year ended 30 June 2015
(Registration number MP321)

Notes to the Annual Financial Statements

Notes to the Annual Financial Statements
Municipality of Paarl Municipality of Paarl
2015 2014
Amounts in Rand

22. Employee Related Costs

۸۷

Leave payroll levies	Overtrime payments	Travel, motor car, accommodation, subsistence and other allowances	Long-service awards
35,135	417	17,968	5,386
(32,194)	417	4,530,909	5,343,384
32	4	109,189	109,189
35,135	417	109,189	21

070

Car Allowance	Transporation Allowance	Healthcare Benefits and Allowances	Other # 5	Cellphone Allowance
10,048,428	8,606	296,179	278,689	1,909,737
10,048,428	8,606	296,179	278,689	1,909,737
10,048,428	8,606	296,179	278,689	1,909,737
10,048,428	8,606	296,179	278,689	1,909,737

77

REmuneration of Municipal Manager
Annual Remuneration
840,066

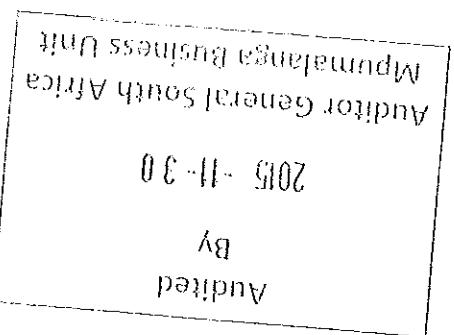
1

Accommodation Allowance	96,60	Traveling Allowance	15,820	Contributions to UIF, Medical and Pension Funds	100,001
					1,052,557
					Remuneration of Chief Finance Officer (Commened: 01/02/2015 - 30/06/2015)

9

4

Notes to the Annual Financial Statements		Figures in Rand	
The amounts recognised in the Statement of Financial Position are determined as follows:			
Fair Value of plan assets	7,302,000	5,841,000	
Present value of funded obligation	7,302,000	5,841,000	
Balance at the beginning of the year	983,000	860,000	
Benefit service	(672,000)	745,000	
Acuaral gains) / Losses	1,150,000	732,000	
Long Service Award	1,150,000	732,000	
Statement of financial position obligation for Post - employment medical benefit	-	-	
Post - employment medical benefit loss	-	-	
Movements in the defined benefit obligation is as follows:			
Balance at the beginning of the year	5,841,000	4,994,000	
Benefit service	983,000	860,000	
Acuaral gains) / Losses	1,150,000	732,000	
Long Service Award	1,150,000	732,000	
Independent values, One Panacea Financial, carried out a statutory valuation on the annual basis	-	-	
The principal actuarial assumptions used were as follows	-	-	
Discount rate per annum	8	7	
General inflation	7	7	
Health care inflation rate	7	7	
Net discount rate	1	1	
Example of mortality rates used were as follows	16	16	
Mortality during employment	63	63	
Members withdrawn from services: (Average for Males and Females)	SA85-90	SA85-90	
Average retirement age	63	63	
Mortality during retirement	SA85-90	SA85-90	
Age 20 - 24	16	16	
Age 25 - 29	17	17	
Age 30 - 34	18	18	
Age 35 - 39	19	19	
Age 40 - 44	20	20	
Age 45 - 49	21	21	
Age 50 - 54	22	22	
Age 55+	23	23	
39,968,713	32,909,716		



23. Remuneration of Councillors				
Executive Mayor	662,878	516,439	538,074	497,191
Speaker	645,549	484,162	497,191	497,191
Cheif Whip	484,162	484,162	497,191	497,191
MMC: Finance and Technical Services	484,162	484,162	497,191	497,191
MMC: Corporate Services and Human Settlement	484,162	484,162	497,191	497,191
MMC: Community Services and Public Safety	484,162	484,162	497,191	497,191
Debt Impairment	21,196,068	28,147,172	(37,027,461)	28,147,172
Investment Revenue	-	260,384	-	-
25. Investment Adjustments				
26. Fair Value Adjustments				
Investment Property (Fair Value model)	147,470,477			
27. Depreciation and Amortisation				
Property, Plant and Equipment	86,017,544	89,241,447	112,027	87,410
Mitangible Assets	86,129,571	89,328,857		
28. Finance Costs				
Bank Interest Paid	342	35,900,852	23,681,158	35,901,194
Audit Fees	3,808,748	3,236,783		
29. Auditors' Remuneration				
30. Rental of facilities and equipment				
Venue hire	2,660,946	2,207,491	1,311	2,660,946
Premises	2,660,946	2,207,491	1,311	2,660,946
	2,660,946	2,208,802		

Notes to the Annual Financial Statements	
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015
2015	2014
Figures in Rand	

31. Contracted Services	Information Technology Services	Security Services	Insurance Services	Other Contractors
7,852,513	10,567,863	4,765,585	13,117,892	8,424,487
54,002,276	48,324,536	32,959,691	24,638,781	32,959,691
32. Bulk Purchases	Electricity	(Deficit) Surplus	Adjustments for:	Depreciation and amortisation
131,021,276	115,401,687	(58,707,318)	25,694,727	650,657
				994,568
				21,196,068
				28,147,172
				4,073,564
				4,521,787
				469,611
				1,828,765
				445,995
				(6,561,640)
				1,299,782
				(287,743)
				1,299,782
				(28,626,555)
				(10,816,024)
				(58,838,048)
				(10,821,451)
				83,074,451
				90,539,259
				589,960
				(6,664,834)
				9,131,999
				(9,488,452)
				325,776
				419,498
				Unspent conditional grants and receipts
				VAT
				Payables from debtors
				Consumer debtors from non-exchange transactions
				Other receivables from exchange transactions
				Customer deposits
				Consumer deposits
				Already contracted for but not provided for
				Property, plant and equipment
				Contractual Operating Commitments
				General Operating Commitments
				Minimum lease payments due
				- Within one year
				- In second to fifth year inclusive
				Operating leases - as lessor (expense)
34. Commitments				
				Authorised expenditure
				Already contracted for but not provided for
				Property, plant and equipment
				Contractual Operating Commitments
				General Operating Commitments
				Minimum lease payments due
				- Within one year
				- In second to fifth year inclusive
				Operating leases - as lessor (expense)

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015

(Registration number MP321)

Thaba Chweu Local Municipality

Audit of General Business Unit

Municipalities Business Unit

Figures in Rand

35. Continuingencies	Thaba Chweu VS Telkom SA	Damage to cables	Its members	SAMWWU is seeking the implementation of placement for members
	Thaba Chweu VS Afriforum	Application to access qualifications of Senior Managers	Reclassification application brought by the municipality against a default judgment.	Reclassification application brought by the municipality against a default judgment.
	Thaba Chweu VS SAMWWU obo Members	Manager's	Supplier claiming for unpaid invoices	Thaba Chweu VS Lesiba Christian Rale
	Thaba Chweu VS VD Transcribers cc	and paid for	Supplier claiming for unpaid invoices	Thaba Chweu VS Matabane Civils Construction
750,000	Thaba Chweu VS Jakkie de Klerk & Marjetjie Malan	Claim for damages for five horses allegedly electrocuted by municipal electric poles	Claim for damages for five horses allegedly electrocuted by municipal electric poles	Thaba Chweu VS Rianna InvestmentBk
		by municipal electric poles	Applicant was granted for an order intercepting the municipality from terminating the electrical supply.	Plaintiff claiming against the municipality
		Claim for damages for five horses allegedly electrocuted by municipal electric poles	Applicant was granted for an order intercepting the electrical supply.	Thaba Chweu VS Deon Broekman
		by municipal electric poles	Applicant was granted for an order intercepting the electrical supply.	Claim that services were provided on behalf of Council
		Claim for damages for five horses allegedly electrocuted by municipal electric poles	Applicant was granted for an order intercepting the electrical supply.	Thaba Chweu VS Eben Botha
		Plaintiff claiming against the municipality	Plaintiff claiming against the municipality	Thaba Chweu VS Mike Mashile and Others
		Plaintiff claiming that they were illegally evicted	Plaintiff claiming that they were illegally evicted	Thaba Chweu VS Unidentified Occupiers (Chinese)
		Evitition of illegal land occupiers	Evitition of illegal land occupiers	Thaba Chweu VS JM Bond
		Injuries Sustained on municipal road	Injuries Sustained on municipal road	Thaba Chweu VS JM Bond

Notes to the Annual Financial Statements	Auditor General South Africa	Impairment of Assets 2015	Figures in Rand
(Registration Number MP321)	Annual Financial Statements for the Year ended 30 June 2015	2015 - 11 - 30	2015 - 11 - 30
Thaba Chweu Local Municipality			

Notes to the Ahudai Financial Statement

Thaba Chweu Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Figures in Rand 2015 2014

Eviction of illegal land occupiers

Claim for services rendered but no payment

Digitized by srujanika@gmail.com

Tshaba Chweu VS Lassons Investments Bt
Applicant was disconnected and went to court to force
the municipality to reconnect him/her.

Thaba Chweu VS Sala
Applicant claimed for interest on late payments of pension fund

36. Related party balances

Municipal Contribution THALLED A - Owning (to) by related parties

THALASSA CORTICALISATION THRELLA X SWEET (ex. 25) 1

The correction of the error(s) results in adjustments as follows:

V

37. Prior Period Errors

Figures in Rand

Mphumalanga Business Unit	Auditor General South Africa	Annual Financial Statements for the year ended 30 June 2015 (Registration number MP321)	Notes to the Annual Financial Statements	2015	2014
2015	2014	2015	2014	2015	2014

Category	Current Assets	Investments	Non Current Assets	Investment Property	Long term Investments	Total Assets	Bank overdraft	Current portion of long term loan	Defined obligation	Non current liabilities	Long term liability	Total Liabilities	Fines	Fees earned	Interest on investments	Total income	Employee related costs	Remuneration of Councilors	Depreciation and amortisation	Finance costs	Bulk purchases	Contracted services	Other expenses	Total expenditure	Loss on sale of assets	Surplus/(deficit) for the year)	Liquidity risk

Tshaba Chweu Local Municipality		Notes to the Annual Financial Statements		Figures in Rand	
				2015	2014
(Registration number MP321)	Auditor General South Africa	Mpumalanga Business Unit			
Annual Financial Statements for the year ended 30 June 2015					

Tshaba Chweu Local Municipality		Notes to the Annual Financial Statements		Figures in Rand	
		Auditor General South Africa		(Registration number MP321)	
		Annual Financial Statements for the year ended 30 June 2015		Annual Financial Statements for the year ended 30 June 2014	
2015	2014			2015	2014
Credit risk	Credit risk banks with high quality credit standing and limits exposure to any one counter-party.	Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.	The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.	This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.	

39. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Thaba Chweu Local Municipality	(Registration number MP321)	Annual Financial Statements for the Year ended 30 June 2015	Notes to the Annual Financial Statements	Figures in Rand
2015 - II - 30	2015	Auditor General South Africa	Municipal Business Unit	40. Unauthorized expenditure
	2014			Add: Current Year
		43,403,811		

Details of irregular expenditure - current year		Notes to the Annual Financial Statements		Figures in Rand	
Amount	(Registration number MP321)	Auditor General South Africa	Mpumalanga Business Unit	2015	2014
5,968	Ikotwe Plant Hire	SCM Procedures not followed; referred to MPAC for disciplinary steps taken/criminal proceedings			
13,365	600SA Holdings (PTY) LTD	SCM Procedures not followed; referred to MPAC for investigation			
20,424	Supa Quick Nelspruit	SCM Procedures not followed; referred to MPAC for investigation			
14,681	Lydenburg Toyota	SCM Procedures not followed; referred to MPAC for investigation			
9,444	Westvaal Mashishing	SCM Procedures not followed; referred to MPAC for investigation			
2,368	Union Motors Lowveld	SCM Procedures not followed; referred to MPAC for investigation			
176,000	Get Three Security Services	SCM Procedures not followed; referred to MPAC for investigation			
121,200	Sbongiseni Security Services	SCM Procedures not followed; referred to MPAC for investigation			
180,000	Sbongiseni Security Services	SCM Procedures not followed; referred to MPAC for investigation			
54,720	Sbongiseni Security Services	SCM Procedures not followed; referred to MPAC for investigation			
176,000	Get Three Security Services	SCM Procedures not followed; referred to MPAC for investigation			
27,620	Hlatini Maphangwa Maintenance & Plumbing	SCM Procedures not followed; referred to MPAC for investigation			
29,600	Mash FM	SCM Procedures not followed; referred to MPAC for investigation			
2,714	Government Printing Works	SCM Procedures not followed; referred to MPAC for investigation			
11,807	Lydenburg Toyota	SCM Procedures not followed; referred to MPAC for investigation			
38,874	Phalafala Yalla Trading and Projects	SCM Procedures not followed; referred to MPAC for investigation			
67,260	Phalafala Yalla Trading and Projects	SCM Procedures not followed; referred to MPAC for investigation			
2,000	No1 Cleaning Services	SCM Procedures not followed; referred to MPAC for investigation			
9,000	Nare and Gonogo Business	SCM Procedures not followed; referred to MPAC for investigation			
27,851	Matlata Security Services	SCM Procedures not followed; referred to MPAC for investigation			
173,833	Landsis & Gyr (PTY) LTD	SCM Procedures not followed; referred to MPAC for investigation			
2,659	Vision CMS Conveyor Mining Supplies	SCM Procedures not followed; referred to MPAC for investigation			
2,887	Glassfit	SCM Procedures not followed; referred to MPAC for investigation			
15,945	Ian Dicksies	SCM Procedures not followed; referred to MPAC for investigation			
184,602	Mandlakazi Electrical Technologies	SCM Procedures not followed; referred to MPAC for investigation			
300,000	Lateral Union Insurance Brokers	SCM Procedures not followed; referred to MPAC for investigation			
22,928	Government Printing Works	SCM Procedures not followed; referred to MPAC for investigation			
23,014	Dawson & Dobson	SCM Procedures not followed; referred to MPAC for investigation			

Notes to the Annual Financial Statements

Annual Financial Statements for the Year ended 30 June 2015
(excluding financial statements)

Multilanguage Business Unit

Page 11 - 510Z

Notes to the Annual Financial Statements

Annual Financial Statement for the year ended 30 June 2015
(Reference number M321)

Auditor General South Africa
Municipal Business Unit

- 6 - 11 - 9102

Figures in Rand	Born to Protect	Moribio Trading	ECCO Mare	Lwakithi Trading Enterprise	Varit Holdings	Taushigo	CES Security	Born to Protect	Taushigo	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	MPAC for investigation
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime
SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	SCM Procedures no	Investigation	Overtime

Auditor General South Africa

卷之三

Thaba Chweu Local Municipality

Vendor name	Reason for deviation	Amount
Ikotwe Plant Hire	Emergency	6,804
Supa Quick Nelspruit	Single Service Provider	15,236
Lydenburg Toyota	Single Service Provider	23,283
Westvalla Maschinen	Single Service Provider	16,736
Union Motors	Single Service Provider	2,700
Get There Security Services	Emergency	176,000
Sibongisemini Security Services	Emergency	54,720
Governement Printing Works	Single Service Provider	121,200
Hlati Maphangwa Maintenance & Plumbing	Emergency	54,720
Lydenburg Toyota	Single Service Provider	180,000
Not Cleaning Services	Emergency	121,200
Nare & Gonogo Businesses	Emergency	2,000
Landis + Gyr (PTY) Ltd	Emergency	9,000
Vicson CMS Conveyor Mining Supplies	Single Service Provider	31,750
lan Dicks	Emergency	18,177
Mandlakazi Electrical Technologies	Emergency	210,447
Dawson and Dobson	Emergency	342,000
Laetral Umissun Insurance Brokers	Emergency	26,138
Governement Printing Works	Single Service Provider	360,000
lan Dicks	Emergency	2,328
Postnet Lydenburg	Single Service Provider	24,336
Huson Panelbeaters & Hallidien Specialist	Single Service Provider	18,177
Postnet Lydenburg	Single Service Provider	2,480
Central Fluid Sealing & hydraulic Supply	Emergency	495,742
Amahaven Holdings (PTY) Ltd	Emergency	19,500
Phalafla Yalla Trading & Projects	Single Service Provider	8,133
Postnet Lydenburg	Single Service Provider	15,960
Amahayena Holdings (PTY) Ltd	Emergency	91,929
Phalafla Yalla Trading & Projects	Single Service Provider	179,796
Siobongisemini Security Services	Emergency	64,195
Conway General Lydenburg	Single Service Provider	2,969
Conway General Lydenburg	Single Service Provider	3,038
Conway General Lydenburg	Single Service Provider	3,690
Conway General Lydenburg	Single Service Provider	1,891
Conway General Lydenburg	Single Service Provider	769
Conway General Lydenburg	Single Service Provider	6,794
Truvello	Single Service Provider	157,626
Truvelo-Obonale Construction	Emergency	181,701
Union Motors	Single Service Provider	38,000
Wesno Holdings (PTY) Ltd	Emergency	285,365
Wakathi Trading Enterprise	Emergency	26,970
Southern Africa Faullt Location	Emergency	32,195
Van Holdings	Emergency	476,250

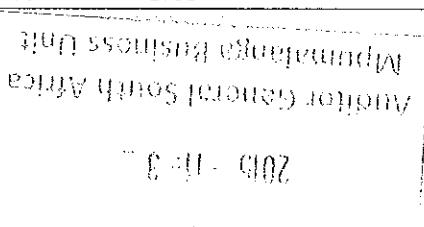
43. Deviations from supply chain regulations

Notes to the Annual Financial Statements	MPUMALANGA BUSINESSES LTD	Figures in Rand
(Registration number MP321)	Annual Financial Statements for the year ended 30 June 2015	2015 - 2014
2015 - II - 3	Auditor's Report South Africa	
2015 - II - 3	Supplementary Information	

44. Budget differences

Material differences between budget and actual amounts

			8,653,637
Amahayena Holdings (Pty) Ltd	Emergency	Emergency	23,500
Truelito	EB's Electrical Contractors	Sole Service Provider	28,767
Wokwatsane Attorneys	Emergency	Sole Service Provider	28,900
Ferad	EB's Electrical Contractors	Sole Service Provider	70,000
Phalafala Villa Trading & Projects	Emergency	Sole Service Provider	33,506
ANK Supplies (Pty) Ltd	Emergency	Sole Service Provider	30,390
Airtimk (Pty) Ltd	Emergency	Sole Service Provider	4,461
Serso trading & Projects CC	Emergency	Sole Service Provider	182,354
Serso trading & Projects CC	Emergency	Sole Service Provider	65,208
Lwakithi Trading Enterprise	Emergency	Sole Service Provider	285,365
Serso trading & Projects CC	Emergency	Sole Service Provider	111,150
Vutheela Africa Security Services	Emergency	Sole Service Provider	2,188
Amanti Boutique Hotel	Emergency	Sole Service Provider	4,450
Mash FM	Emergency	Sole Service Provider	4,600
TM Chauke Attorneys	Emergency	Sole Service Provider	14,729
Torrelle Projects	Emergency	Sole Service Provider	63,183
Phalafala Villa Trading & Projects	Emergency	Sole Service Provider	87,735
GPS News and Printing	Emergency	Sole Service Provider	14,735
Mash FM	Emergency	Sole Service Provider	90,267
Laterall Unionson Insurance Services	Emergency	Sole Service Provider	84,482
Lwakithi Trading Enterprise	Emergency	Sole Service Provider	285,365
Lydenburg Brake & Clutch	Emergency	Sole Service Provider	8,094
Lydenburg Brake & Clutch	Emergency	Sole Service Provider	14,159
Lydenburg Brake & Clutch	Emergency	Sole Service Provider	5,187
Lydenburg Brake & Clutch	Emergency	Sole Service Provider	14,478
Silver Solutions 2259 CC	Emergency	Sole Service Provider	170,520
Mash Vision	Emergency	Sole Service Provider	792,984
Womcede Consulting Enterprises	Emergency	Sole Service Provider	25,937
Matstone Attorneys	Emergency	Sole Service Provider	94,327
Thaba Chweu News	Emergency	Sole Service Provider	21,355
Lwakithi Trading Enterprise	Emergency	Sole Service Provider	285,365
Government Printing Works	Emergency	Sole Service Provider	13,721



Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2015

(Reg)

2015 - II-3

2014

Figures in Rand

2015

- 42.1 Service Charges: Customers did not fully honour their current accounts during the financial year hence the difference in income from Agency Services; Under budgeting during the adjustment budget period because of the status of collections at half year.
- 42.2 Income from Agency Services: Under budgeting during the adjustment budget period because of the status of collections at half year.
- 42.3 Other income: Under budgeting during the financial year.
- 42.4 Property Rates: Implementation of the new Valuation Roll
- 42.5 Government grant and Subsidies: The difference is caused by the unspent conditional grant and the recognition of the unspent conditional grant of the previous financial year
- 42.6 Traffic Fines: Under budgeting during the financial year
- 42.7 Personnel: Employment of new employees and overtime payments
- 42.8 Depreciation:Restatement of PPE
- 42.9 Finance Costs:Interest Charged on overdue Eskom account
- 42.10 Debt Impairment:Assessment of recoverability of existing debt per account
- 42.11 Bulk Purchases: Slight under budgeting and exceeding of the notified maximum demand
- 42.12 General Expenses: Under budgeting during the beginning of the financial year even though the municipality did adjust the expenditure upwards during the mid year assessment

Figures in Rand
2015 2014

Thaba Chweu Local Municipality	2015 - II - 3
Registration number: MP321)	Annual Financial Statements for the year ended 30 June 2015
Auditors General South Africa	Mpumalanga Business Unit
Notes to the Annual Financial Statements	